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Report of the Secretary-General

Summary

The present report was prepared at the request of the Statistical Commission at its forty-second session (S/2011/24, chap. I.A). The report provides updated information on the work carried out under the auspices of the Expert Group on International Economic and Social Classifications. In particular, the report informs on the outcome of the meeting of the Expert Group in 2011 and its recommendations for future work and the organization of work, including an updated mandate for the Expert Group. The report also outlines the scope for the regularly scheduled update of the Central Product Classification. The Commission is invited to take note of the report.

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I. Introduction

1. The present report provides an overview of main activities in the area of international classifications carried out since the forty-first session of the Statistical Commission in 2010.

2. The information in the present report covers the recommendations made by the Expert Group on International Economic and Social Classifications at its meeting in 2011 and highlights the recommended update of the mandate of the Expert Group, as well as key activities undertaken or planned for the near future. The report also describes other recently completed work in the area of statistical classifications.

II. Expert Group on International Statistical Classifications

3. The Expert Group met from 18 to 20 May 2011 and discussed a wide range of classification issues, including the mandate and work arrangements for the Group, the review of product classifications and their impact on the Central Product Classification (CPC), the review of progress on other classifications, as well as classifications management issues.

4. Further details on the conclusions reached and recommendations made for each of the classifications covered at the meeting are listed in the final report of the Expert Group meeting, which is available on the Statistics Division website at http://unstats.un.org/unsd/class/intercop/expertgroup/default.asp.

A. Update of the mandate for the Expert Group on International Economic and Social Classifications

5. The Expert Group on International Economic and Social Classifications was established in 1994 to develop a strategy for the convergence of international classifications. The Group has met at least every two years and reports to the Statistical Commission following each meeting.

6. Initially, the Expert Group's focus was on resolving the conceptual differences among the international economic standard classifications, which caused difficulty in integrating data into the national accounting framework. The initial work programme was focused on better alignment of the industry and product classifications. In 1995, the Commission agreed that the Expert Group's work should be expanded to include social classifications (E/1995/28, para. 46).

7. At its thirtieth session, held from 1 to 5 March 1999, the Statistical Commission recommended that the Expert Group on International Economic and Social Classifications be the central coordinating body for implementing the work programme on economic classifications endorsed at that session of the Commission (E/1994/24, para. 108). The work programme set up in 1999 reflected the planned revisions of the International Standard Industrial Classification (ISIC) and CPC as the main focus of the work of the Expert Group.

8. The Expert Group discussed its mandate in September 2009 in the light of the changing requirements of the Group, such as the demand for high quality international environmental classifications.

9. Following that discussion, the Expert Group agreed to establish a technical subgroup to review the governance and mandate of the Group.

10. The new terms of reference:

(a) Align with the earlier terms of reference specified by the Statistical Commission;

(b) Change the term "International Family of Economic and Social Classifications" to "International Family of Statistical Classifications";

(c) Change the name of the Expert Group on Economic and Social Classifications to the Expert Group on International Statistical Classifications;

(d) Clarify the role of the Expert Group in relation to the International Family of Statistical Classifications;

(e) Clarify the role of the Expert Group for emerging areas of statistics;

(f) Continue to recognize the role of the Expert Group in supporting the Statistics Division and other international agencies in the development, maintenance, review and implementation of international statistical classifications.

11. The Expert Group recommends that the Statistical Commission continue to entrust the Expert Group with the functions identified at the thirtieth session of the Commission, including the review of selected new classifications for inclusion into the International Family of Statistical Classifications.

12. The new terms of reference for the Expert Group also establish a bureau, which is charged with maintaining the forward momentum of the group between meetings, providing the work programme and drafting agendas for future meetings of the Group.

13. The proposed updated mandate and terms of reference are set out in the annex to the present report.

B. Review of the International Standard Industrial Classification and the Central Product Classification

14. Following the previously agreed review schedule for ISIC and CPC, which was supported by the Statistical Commission at its earlier sessions, the Expert Group reviewed information and proposals for changes to these classifications to determine if updates or revisions to the classifications were necessary. Initial proposal for review areas had been submitted at the 2009 meeting of the Expert Group and a review of the full proposals was now undertaken to determine their potential impact.

15. As a result, the Expert Group reconfirmed its previous finding that no changes to the Implementation Guide for ISIC, Revision 4 (ISIC Rev.4) were necessary at this point.

16. The Expert Group considered the detailed proposals for changes to CPC, which arose out of several different areas, such as: (a) a regular assessment of the impact of the 2012 amendments to the Harmonized Commodity Description and Coding System (HS), which forms the building blocks for sections 0-4 of CPC; (b) an assessment of the linkages between CPC and the Standard International

Energy Product Classification (SIEC), with a view to improve the comparability of the two classifications; (c) a proposal by the Food and Agriculture Organization of the United Nations (FAO) to adapt the detail of CPC in selected areas of agriculture and food products to allow for CPC to be used directly for data collection in agricultural statistics; and (d) feedback received on CPC issues in the Statistics Division Classifications Hotline.

17. After reviewing the different inputs provided, the Expert Group recommended that an update to CPC should be undertaken for 2012. This will be labelled as an update (CPC Ver.2.1), but not a revision, since it is restricted to some areas of the goods part only and involves only rearrangements or subdivisions at the lower levels (class, subclass) of the classification.

18. A technical subgroup has been established to consider all of the proposed inputs into CPC and discuss technical and procedural elements of the update. The detailed conclusions will be available as a background document to the Commission.

C. Other classifications work planned by the Expert Group

19. The Expert Group agreed on a number of additional projects to be carried out in the next two-year period. The larger projects include:

(a) The Expert Group agreed to form a subgroup to review the proposal for revision of the Classification by Broad Economic Categories (BEC). It should take into account the applications of BEC and consider primarily the links to classifications such as HS and CPC. Services should be included in the scope;

(b) The Expert Group agreed that guidance for the identification of core business functions and support functions (not necessarily a classification) in relation to their international outsourcing should be developed. However, it is not clear how to determine what the core functions within each sector are. Global sourcing has a high policy relevance and creates many measurement problems for statisticians. It would therefore be very useful to study this under some common guidelines. A subgroup will discuss how to approach this. It was agreed that, besides looking at relevant CPC products, guidelines were necessary on how to implement the business functions concept using CPC and determine its relation to ISIC;

(c) A review of the Classification of Individual Consumption According to Purpose will be undertaken. The use of the classification since its last revision in 2000 has resulted in a number of issues that may need clarification. In addition, areas that have undergone major transformations in the last decade, such as communication services, need to be reviewed to provide better guidance on how to reflect them in the classification. A technical subgroup will review these issues and recommend whether changes to classification itself or just additional clarifications, such as revised explanatory notes, are necessary;

(d) The revision of the System of Environmental-Economic Accounting (SEEA) includes a number of classifications that should be further reviewed. At the time of writing of the present report, final drafts of the classifications were not yet available. The Expert Group therefore will consider these classifications once they are finalized, that is, in 2012, to validate them against existing classifications

criteria and consider their inclusion in the International Family of Statistical Classifications;

(e) A new assessment of national classifications will be undertaken, with the particular view of updating information on the implementation of ISIC and CPC in national contexts, but also considering classifications in other domains.

20. Information on other work planned by the Expert Group is available in the report of the Expert Group meeting in 2011.

21. While the Expert Group is committed to supporting the development of international statistical classifications by all custodians, as mandated by the Statistical Commission, the Group faces a major challenge in getting timely information about new developments undertaken by international or regional institutions. The need for new classifications in emerging areas leads to many attempts at creating such classifications by different stakeholders at the international and regional levels. To ensure that the Expert Group can assist these stakeholders in the development work — for instance, by reviewing classifications criteria or links to existing classifications — and work towards the inclusion of these classifications in the International Family, stakeholders should be more encouraged to inform the Expert Group about any plans for developing new international classifications or revising existing ones.

III. Other developments in international classifications

Activities carried out by the Institute for Statistics of the United Nations Educational, Scientific and Cultural Organization

22. Over the past two years, the United Nations Educational, Scientific and Cultural Organization (UNESCO) Institute for Statistics has completed a major revision of the International Standard Classification of Education (ISCED), of which UNESCO is the custodian. The revision was commissioned at the thirty-fourth session of the General Conference of UNESCO member States in November 2007 and was formally adopted by the thirty-sixth General Conference in November 2011.

23. ISCED 2011 is the result of extensive consultation of international, regional and national experts in education and statistics, including a global consultation in 2010. Detailed proposals for the revision were developed in collaboration with the Institute's education data collection partners, Eurostat and the Organization for Economic Cooperation and Development (OECD), and the members of the ISCED Technical Advisory Panel established at the end of 2008 to oversee the revision.

24. The first proposals were discussed in separate regional meetings of experts from the Arab States, Asia, the Caribbean, Latin America and sub-Saharan Africa in 2009 and 2010. Discussions on the proposals also took place over this period with national experts attending meetings on education statistics held by Eurostat and OECD, and at other international and regional conferences, including the World Conference on Higher Education, held in June 2009. In addition, the early proposals were presented and discussed at a meeting of the Expert Group on International Economic and Social Classifications, in September 2009.

25. The initial proposals were revised in the light of feedback from the regional and international experts consulted and a global consultation on a draft ISCED 2011 text was launched in June 2010.

26. All member States of UNESCO — including ministries of education and, with the assistance of the United Nations Statistics Division, all national statistical offices — were invited to comment. The proposals were also sent to members of the Expert Group on International Economic and Social Classifications, members of the ISCED Technical Advisory Panel, national and regional experts who were invited to the regional meetings on ISCED in 2009 and 2010, and relevant international agencies. The feedback of national contacts responsible for submitting data on education, literacy or educational attainment to the Institute or its education data collection partners was also sought.

27. Over 110 responses were received from more than 80 countries. The responses were largely supportive of the revision. All substantive comments and suggestions were reviewed by the editorial subgroup of the Technical Advisory Panel in December 2010 and by the full Panel at its final meeting in February 2011, and the draft text was revised accordingly.

28. Following the adoption of ISCED 2011, the Institute and its data collection partners (Eurostat and OECD) are beginning to work with countries to map their education systems to the new classification and revise data collection instruments accordingly. An operational manual is currently under preparation and is expected to be available in mid-2012. Additional training materials will also be developed. In accordance with new governance procedures, mechanisms for peer reviews of ISCED mappings will be established, and an ISCED advisory committee will be formed. The first international data collections based on the new ISCED will begin in 2014 to give countries adequate time to adapt their national data reporting systems. The implementation of the new ISCED in household surveys and censuses may not occur until 2015.

29. Finally, a revision of the ISCED fields of education and training was commissioned at the thirty-sixth session of the General Conference of UNESCO member States. Work is expected to begin on this in late 2011 or early 2012, with a view to adoption in 2013. It is proposed that the fields of education will eventually be treated as an independent, though related, classification alongside ISCED.

Establishment of the Working Group on Classifications for member countries of the Economic Commission for Latin America and the Caribbean

30. The Working Group on International Classifications for the Economic Commission for Latin America and the Caribbean (ECLAC) region has been established with the aim of promoting the implementation and use of the new versions of international standard classifications, such as ISIC, CPC or the International Standard Classification of Occupations, in the region and assist countries in their implementation and application in order to contribute to the development of official statistics in the various statistical programmes.

31. The establishment of the Working Group and the terms of reference of the Group were approved at the sixth meeting of the Statistical Conference of the Americas, in November 2011. The key actions of the Working Group are to:

(a) Identify and promote regional and subregional cooperation activities to boost the capacity of member countries in the processes of adopting and adapting international classifications;

(b) Exchange and document experiences, knowledge and good practices in relation to the implementation of international classifications;

(c) Provide regular updates on the progress made in terms of new revisions to international classifications, particularly with a view to conducting economic and population censuses and changing the base year for national accounts in the countries of the region, as well as ensuring the proper management of directories of businesses and establishments;

(d) Promote the creation of inter-agency platforms for collaboration in, and coordination and integration of, regional initiatives on international classifications among blocks of countries;

(e) Prioritize the translation into Spanish of texts on international classifications to enable their timely adoption by the countries of the region;

(f) Make the arrangements necessary to hold meetings of the Working Group on International Classifications, with a view to promoting the use and dissemination of economic and social Classifications;

(g) Promote the establishment of a network of experts on international classifications to provide countries with mechanisms for communication and updating of classifications.

32. The National Institute of Statistics and Geography of Mexico has performed the role of coordinator of the initiative committee for the establishment of the Working Group on International Classifications for the ECLAC region.

33. The establishment of such a group to assist countries at the regional level could be a model also to be considered in other regions.

Work on classifications for fishery statistics

34. The Coordinating Working Party on Fishery Statistics was established in 1959 under FAO as a coordinating mechanism to keep under continuous review the requirements for fishery statistics, to agree standard concepts, definitions, classifications and methodologies for the collection and collation of fishery statistics and to make proposal and recommendations for action in relation to the collection, collation and dissemination of fishery statistics. The Working Party is currently composed of 19 regional and global intergovernmental organizations that have relevance in collection and collation in fishery statistics and is currently responsible for maintaining the international classification and definition of fishing areas (FAO major areas) and the international standard statistical classifications of fishing gear, fishing vessels, fishery commodities and aquatic animals and plants.

35. Following the decision at its twenty-third session, held in February 2010, the Working Party is now in process to review and revise its handbook, with a special focus on expansion of data collection and collation in the aquaculture sector, the revision of the fishing gear classification, the enhancement of the social and economic component and the introduction on ecosystem monitoring as well as the monitoring of impacts on ecosystems. The entire revision process is expected to be

completed at the twenty-fourth session of the Working Party, in 2013, with the first review of progress and the draft to be held in December 2011.

Revision of the trial International Classification of Activities for Time-Use Statistics

36. Following a request by the Statistical Commission in 1995 to prepare a draft classification of time-use statistics, the United Nations Statistics Division developed of a draft classification in consultation with experts and relevant stakeholders. Two expert group meetings were convened (1997 and 2000). A first version of the draft classification was issued in 1997 to assist countries interested in conducting time-use studies. Based on the experience of the first countries that have used or adapted the 1997 classification, a revised and more elaborated version was issued and published in the *Guide to Producing Statistics on Time Use: Measuring Paid and Unpaid Work*[1] (2005) as the United Nations trial International Classification of Activities for Time-Use Statistics (ICATUS).

37. To date, several countries and areas have adapted the trial ICATUS (either the first or current version) for use in their data collection and in tabulation and analysis, including Argentina, Brazil, China, Cuba, Mauritius, Mexico, Mongolia, Nigeria, the Philippines, South Africa, Thailand, the United Republic of Tanzania and the Occupied Palestinian Territory. Countries have shared their experience, concerns and questions on the trial classification and have requested the Statistics Division to update and finalize the trial ICATUS and ensure its harmonization with other classifications, including the Harmonized European Time Use Survey.

Work of the Economic Commission for Europe on crime classification and time-use classification

38. The United Nations Office on Drugs and Crime-Economic Commission for Europe (ECE) Task Force on Crime Classification was created in October 2009 by the Bureau of the Conference of European Statisticians to develop a set of principles on international crime classification systems for statistical use, and conduct a case study of selected offences.

39. In November 2011, the Bureau of the Conference of European Statisticians reviewed the work carried out so far by the Task Force, which included a report prepared by the Task Force on the principles and framework for an international classification of crimes for statistical purposes. A proposed revised terms of reference of the Task Force extends its mandate by approximately two years, with a view to developing a full international classification of crimes for statistical purposes.

40. The work of the Task Force is carried out in close collaboration with Eurostat and the European Commission, which in 2008 had started working on a European crime classification system for statistical purposes. The work of the Task Force, composed mainly of experts from the national statistical offices of the Conference of European Statisticians countries (including Australia, Brazil, Canada and the United States of America), ensures that the work on the crime classification is conducted in the framework of official statistics, and that the experience and contribution of countries from different regions is taken into consideration.

[1] United Nations publication, Sales No. E.04.XVII.7.

41. The ECE Task Force on Time-Use Surveys is scheduled to provide by the end of 2012 guidance on better harmonization of time-use surveys. The activities include examining the existing classifications and a final report is expected to include proposals on streamlining the classifications.

Annex

Mandate of the Expert Group on International Statistical Classifications

1. The Expert Group on International Statistical Classifications was charged by the Statistical Commission at its thirtieth session, held from 1 to 5 March 1999, with improving cooperation on international classifications and ensuring harmonization and convergence among classifications in the International Family of Statistical Classifications (E/1999/24, chap. VII).

2. The International Family of Statistical Classifications is comprised of those classifications that play a role as standard classifications in individual or multiple statistical domains and have been reviewed and approved as guidelines by the Statistical Commission or another competent intergovernmental body on such matters as economics, demographics, labour, health, education, social welfare, geography, environment and tourism.

3. The Expert Group on International Statistical Classifications will continue to be the central coordination body for the current and future work on classifications that are the responsibility of the Statistics Division, and for the coordination and review of other classifications that are the responsibility of other international organizations and that have been proposed for adoption by the Statistical Commission.

4. The Expert Group will continue to work towards ensuring harmonization and convergence in the development of the classifications within the International Family of Statistical Classifications. To ensure coordinated revisions within the Family, the Expert Group will continue to develop and progress strategies for the coordination and timing of revisions within the Family. Where a standard classification has changed, the Expert Group will encourage and assist custodians of other classifications to adopt the changes that reflect those made in the standard classification.

5. The Expert Group will establish long-term strategies for the further development of international classifications. It will be concerned primarily with requirements imposed on classifications arising from statistical applications, but may also take into consideration the requirements arising from non-statistical applications of the classifications. These applications include censuses, surveys and administrative activities in areas applicable to these classifications, analytical work requiring linkages between classifications, as well as requirements for policy decisions.

Terms of reference

6. A key function of the Expert Group is to assist and advise the Statistical Commission in:

(a) Promoting the adoption of best practices in the development of international classifications;

(b) Coordinating work on those standard classifications that are members of the International Family of Statistical Classifications, including examining changes

to classifications and clarifying their relationship to other international classifications;

(c) Promoting the adoption of the standard classifications of the International Family of Statistical Classifications within regional and national statistical systems to improve the international comparability of data;

(d) Assessing the appropriateness of requests for inclusion of classifications into the International Family of Statistical Classifications as standard classifications;

(e) Ensuring that the various classifications are suitable for use in the range of statistical activities in which they are to be applied and that they promote conceptual and methodological coherence in the statistical system, as well as reflecting practical considerations in data collection and compilation;

(f) Developing a strategic approach towards the future development of the International Family of Statistical Classifications.

7. The tasks of the Expert Group include advising on classification best practice principles; reviewing the concepts and principles of existing and emerging international classifications; facilitating the harmonization of related classifications; reviewing classifications against the criteria for inclusion in the International Family; and facilitating or undertaking classification reviews where appropriate. The Expert Group will also provide guidance to the Statistics Division and other custodians of international standard classifications on technical matters of classification revisions or development, as well as strategic planning for classifications work, if so requested.

8. The Expert Group will decide whether certain technical, analytical or exploratory tasks should be carried out by a suitable subgroup of the Expert Group. If the creation of a subgroup is warranted, the Expert Group will specify the goals and, if applicable, the lifespan of these subgroups. The subgroups should report back to the Expert Group for evaluation of their tasks and approval of their findings or decisions.

Items considered

9. The Expert Group considers issues of concern in developments in international classifications, best practices in developing classifications, implications of reviews on time-series, context and requirements imposed on classifications arising from statistical applications and strategies for implementing international classifications. In addition, the Expert Group may also choose to consider the requirements of classifications imposed from non-statistical applications. The Expert Group should also consider and provide guidance and support for the development of associated elements of classifications such as correspondences, companion guides and coding tools.

10. For new classifications, the Expert Group should confine its discussions, where possible, to the application of best practices in their development. The Expert Group should not consider decisions made on the subject matter by other expert groups unless it is related to ensuring the harmonization and convergence of classifications or to avoid the further proliferation of classifications.

11. Within the terms of the above resolutions, there is flexibility for the Expert Group to adjust, where necessary, its priorities and methods to meet new requirements and maintain a balance between matters of current concern and the longer-term development aspects of the official statistical system.

Convener

12. The Statistics Division will continue to be the convener of the Expert Group and will, to the extent possible, provide funds for the participation of developing countries.

Membership

13. The Statistics Division will continue to invite representatives from international organizations, developed and developing countries, custodians, major users of international statistical classifications and individual experts in the development and application of international classifications to become members of the Expert Group. To ensure a balanced view and consistency in discussion of all classification matters, the membership of the Expert Group will take into account balanced regional representation, as well as continuity in membership over consecutive periods.

14. The members of the Expert Group should be experts in the development and application of classifications, as well represent national and regional experiences in the application of the International Family of Statistical Classifications.

15. The Expert Group and its subgroups can invite guest experts to discuss topics that require a more specialized or broader knowledge in certain areas, without making these guests members of the Expert Group.

Term of office

16. Members of the Expert Group will be invited by the Statistics Division to participate in Expert Group discussions for a period of two years.

Frequency of meetings

17. The Expert Group should meet biennially or more frequently if required by the work programme.

Reporting

18. The work programme, decisions and recommendations of the Expert Group will be submitted to the Statistical Commission through the report of the Secretary-General on economic and social classifications, prepared by the Statistics Division.

Bureau of the Expert Group

19. The Expert Group will elect a bureau, which will distribute tasks, carry out day-to-day management and act as a bridge between Expert Group meetings. The Bureau will not have any decision-making authority beyond those necessary to undertake its administrative roles. The Expert Group will also elect the Chair of the Bureau.

20. A bureau is elected for a two-year period or until the next Expert Group meeting. Nominations are made by member(s) of the Expert Group. Elections are held at the beginning of a session.

21. The Bureau will communicate electronically and will hold virtual meetings as necessary.

Secretariat support and other participants

22. The sessions of the Expert Group are substantively serviced by the Statistics Division and may be attended by the regional commissions, other United Nations organizations, specialized agencies and related organizations, non-United Nations international organizations active in international statistical work and non-governmental organizations.